

filing U.S. Provisional Application No. 60/241,558. The enclosed Supplemental Declaration is intended to supplement the Applicants' Declaration of Prior Invention filed in their June 22, 2006 Response.

Under 37 C.F.R. §1.131(b), an applicant can establish priority of invention by demonstrating conception of the invention prior to the effective date of the reference coupled with due diligence from prior to the reference date to the filing date of the application. In establishing due diligence, "...an inventor may rely on activities directed toward raising capital or funding for a project in order to prove that he acted with due diligence in reducing his invention to practice...[i]ndeed [where], those efforts were related to reducing the claimed invention...to practice." American Standard Inc. v. Pfizer Inc., 722 F. Supp. 86, 112 (D. Del. 1989). Significantly, the court in *American Standard* cited *Marconi Wireless Co. v. U.S.*, 320 U.S. 1, 23 (1943). In *American Standard*, the inventor was seeking funding for conducting experiments to prove that a plasma flame spray coated surface on a metal substrate could result in bone growth.

In accordance with *American Standard*, the Supplemental Declaration sets out, in chronological order, the Applicants' continual and diligent pursuit of financing throughout the critical period for reducing their invention to practice. Exhibits B-E corroborate the facts declared in the Supplemental Declaration.

In summary, the Supplemental Declaration establishes that the Applicants were actively and continually seeking funding in order to have an actual reduction to practice of their invention by development of a physical system, as is described by the following chronology:

- 1) From prior to March 7, 2000 to April 2000, the Applicants were engaged in market research for use in preparing a business proposal to potential investors. A summary of Market

Capital Projections resulting from the market research is attached hereto as Exhibit B. The summary shows growth projections for online payments by customers, ecommerce transactions, and revenues obtainable by the Applicants' invention.

2) During the period of April 2000 to June 2000, the Applicants worked on preparing an investment information packet for presenting to potential investors for purposes of raising capital in order to reduce their invention to practice. A copy of the investment information packet, entitled "SafetyCash Online Payment Alternative", is attached hereto as Exhibit C. It is important to note that on pg. 6 of Exhibit C, first paragraph, the investment packet details the hardware, software, and human resource requirements necessary to reduce the Applicants' invention to practice by development of an actual system that operates according to the subject matter of the Applicants' invention, together with an estimate of the costs associated therewith. It is also important to note that the Applicants worked on updating their financial projections, as evidenced by the difference between the financial figures in this document and the figures in the Applicants' initial financial projections (see Exhibit B). This investment financial packet was completed on June 21, 2000.

3) During the entirety of March 6, 2000-October 13, 2000, the Applicants solicited numerous potential investors. The Applicants were successful in setting up meetings with potential investors that included: 1) CSG in June, 2000; 2) Net2000 Communications in July, 2000; and 3) MBNA America Bank, N.A. in August, 2000. A copy of an email exchange with an account manager from Net2000 Communications dated July 22, 2000 is attached hereto as Exhibit E.

4) After the Applicants' August, 2000 meeting with potential inventor MBNA, the Applicants prepared, for follow up meetings with the potential investors, a Confidentiality and Non-Disclosure Agreement ("NDA"), attached hereto as Exhibit D. A draft of this NDA was completed

on September 28, 2000, and later finalized in October, 2000.

5) On September 29, 2000, the Applicants sought to protect their invention due to concern that any one of the potential investors may appropriate their invention. The Applicants consulted a patent attorney. The invention was discussed and the patent attorney confirmed patent protection was available for the Applicants' invention, and proposed the filing of a provisional patent application.

6) During the time of September 29-October 10, 2000, a write-up of the invention was prepared in order to proceed with the provisional patent application. Also, the Applicants discussed with patent counsel options for assigning the invention to a company called Sacon Capital.

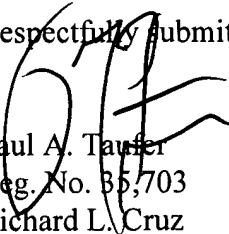
7) A written description of the invention was finalized and submitted to patent counsel on October 10, 2000 for preparing a Provisional Application.

8) On October 11, patent counsel completed a draft of a Provisional Application embodying the Applicants' invention, which was forward to the Applicants for their review.

9) Between October 11-13, 2000, the Applicants reviewed the draft Provisional Application and submitted minor comments/changes to patent counsel. Patent counsel finalized the Provisional Application and filed the same on October 13, 2000.

In view of the foregoing remarks, enclosed Supplemental Declaration, and corroborative Exhibits B-E, the Applicants respectfully request withdrawal of the present grounds of rejection. In addition, the Applicants submit that the present Application is now in condition for allowance, which notice is earnestly requested.

Respectfully submitted,



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